SYNOPSIS

Intro

- Time banking is a reciprocity-based work trading system in which hours are the currency.
- It is a form of community currency, which enables a person with one skill set to trade hours of work with someone with another skill set, without any money changing hands

Body Part

- **Enumerate the challenges faced by elderly in India and demonstrate how this concept can help senior citizens.**

Challenges faced by Elderly in India

Problems of aging usually appear after the age of 65 years. In this Age senior citizens face Medical, Economic, Social and Psychological problems.

**Medical Problem- Access to Health Services:** There is lack of provision of medical aid, and proper familial care, besides insufficient public health services to meet the health needs of senior citizens. With Time banking, elderly can get adequate care from registered medical professionals.

**Economic Problems-Reduces Spending:** Retirement from service usually results in loss of income and the pensions that the elderly receive are usually inadequate to meet the cost of living which is always on the rise. Time banking enables them to get required services from community without wasting their precious money.

**Social Problems:** in modern society, improved education, rapid technical changes and new forms of organization have often rendered obsolete the knowledge experience and wisdom of senior citizens. Time banking allows them to learn market skills free of cost in return the vast experience they possess can be shared with others to earn credits.

**Psychological Problems- Reducing Social Isolation of elderly:** the common psychological problems that most of the senior citizens experiences are: feeling of powerlessness, feeling of inferiority, depression, uselessness, isolation and reduced competence. By being a registered member with a Time bank Organisation they can remain active imparting their skills to the needy.

1. Q. Describe the concept of “Time Banking”? Explain, how this Social innovation model will help in making life of senior citizens better?
Way Forward

In an ageing society, there is an increasing demand for care provision in later life. People are having less children, and traditional caring responsibilities in families and communities are changing. Combined with tight government budgets, services providing care for older adults are increasingly overstretched. In this context, Time banks can help older people by providing personal assistance, befriending and allowing opportunities to contribute to their communities.

To know more on Time banking: https://www.jatinverma.org/time-banking/
SYNOPSIS

Intro

- The Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 and 1980 provide that the Central Government, in consultation with the Reserve Bank of India (RBI), may make a scheme, inter alia, for the amalgamation of any nationalized bank with any other nationalized bank or any other banking institution.

- Various committees, including Narasimhan Committee (1998) constituted by RBI, Leeladhar Committee (2008) chaired by RBI Deputy Governor, and Nayak Committee (2014) constituted by RBI, have recommended consolidation of Public Sector Banks (PSBs).

Body Part

Advantages of Bank consolidation

- PSBs have lost the edge to private banks in the last several years just like MTNL and BSNL lost out, Air India lost to private airlines, and government insurers lost huge businesses to private companies

- The consolidation will help create a strong globally competitive bank with economies of scale.
• Creates strong and competitive banks that serve as catalysts for growth.
• Improve risk profile of the bank.
• Wider range of products and services through leveraging of bank subsidiaries and leveraging of a larger network for offering more value-added non-banking services and products.
• Significant cost benefits from synergies- Larger distribution network will reduce operating and distribution costs.
• There is no rationale for having so many PSBs. With the government as majority owner in nearly 20 of them.
• The Banking sector as a whole will get strengthened due to obvious efficiencies and will lead to enhanced productivity and better results thereby leading to better lending too.
• Would lead to a high Current and Savings Account (CASA) ratio and a high lending capacity.

Will PSB mergers alter the banking scenario?

• **Faster Decision making**: A bigger bank helps in more independent decision making- Its size and scale allow its management the bandwidth and stature to deal with government ministries with confidence and make faster decisions.

• **Effective managerial ability** Earlier PSB were struggling to get good quality GMs and CGMs and these mergers will create the provision for better mid management by retaining the talent. This will, in turn, help in better loan monitoring, overseeing the end-use of funds, and better recovery.

• **Resolution of NPAs will be facilitated** there are coordination problems involved when you have multiple banks trying to resolve NPAs.

• There were long delays in making the senior appointments, as a result of which these banks have been incurring substantial costs. Bank merger makes it easier for the Ministry to monitor the banks there by facilitating appointments without delay.

But there are certain challenges that needs to be fixed,

• Making bank managements accountable to professional boards instead of the political leadership
• Crucial to success of any merger are technology, process alignment and people and culture which needs to be taken care off.
• The PSB model of banking with government ownership, control and also lending support to government's agenda such as (priority sector, financial inclusion, Mudra, etc.) has been a big stumbling block for bringing about a change in their functioning

Way Forward

Bank Merger is imperative to make Indian economy $5 trillion economy. But the merger announcement doesn't address the core structural and fundamental issues plaguing the PSBs. Also falling profitability, asset quality deterioration, an ageing workforce, and laggardly approach to digitisation are some of the issues needs to be addressed.
Q3. What is Development Bank? Bring out the differences between commercial bank vs. Development bank. State its main objectives?

SYNOPSIS

Intro

Development banks are financial institutions that provide long-term credit for capital-intensive investments spread over a long period and yielding low rates of return, such as urban infrastructure, mining and heavy industry, and irrigation systems. Such banks often lend at low and stable rates of interest to promote long-term investments with considerable social benefits.

Body Part

Differences between Commercial banks and Development banks

<table>
<thead>
<tr>
<th>Commercial banks</th>
<th>Development banks</th>
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<tr>
<td>Provide short term loans</td>
<td>Provide long term loans.</td>
</tr>
<tr>
<td>Direct finance to customers</td>
<td>Provide refinancing facilities to commercial banks</td>
</tr>
<tr>
<td>Accept deposits from the public</td>
<td>Accept deposits from commercial banks, Central and State governments</td>
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Objectives

- **Rapid Industrial growth**: By providing funds to start a new business venture, expansion and diversification of the business in new sector.

- **Encouraging entrepreneurs**: Provides low rate of interest if the organisation is planned in the backward areas.

- **Balanced regional development**: It is not possible for the commercial banks to fulfill all financial needs of all the customers.

- **Alternative source of credit**: Supports governments social schemes/policies.

**Way Forward**

Indian economy is facing issues such as economic slowdown, problem of long-term lending, crowding out of private investment, and divergence from core competence of scheduled commercial banks. Development banks has the potential to address these issues. Moreover they can play a vital role in economic and social development.
SYNOPSIS

Intro
Under the current procedure, the Collegium may reconsider a recommendation, but the government is bound to implement a decision that is reiterated.

The issue:
The Collegium modified its decision after considering letters from the Department of Justice and “accompanying material”.

Collegium has now decided to send him to the Tripura High Court reversing its decision to appoint Kureshi as the Chief Justice of the Madhya Pradesh High Court.

It is quite acceptable if the Collegium and the government resolve their differences through consultation and correspondence, but the final decision should not be opaque, mysterious and indicative of executive pressure.

This episode raises questions on the belief that the Collegium system is a shield against executive interference in judicial appointments.

Body Part

Criticism of the Collegium system:

- **Non-transparent** – There is no public knowledge of how and when a collegium meets, and how it takes its decisions.
- **No prescribed norms** – It is seen as a closed-door affair with no prescribed norms regarding eligibility criteria or even the selection procedure.
- **Against the principles of Natural Justice** – Judicial system wherein Judges appoint judges against the principles of Natural Justice has created an imperium in imperio (empire within an empire) within the Supreme Court.
- **Cannot easily determine merit** – The other loophole with the system is regarding the merit of judges which cannot be ascertained just on the basis of seniority.
- **Beyond interpretive jurisdiction** – The law commission report said that addition of words like ‘collegium’ is not permissible under the interpretive jurisdiction of the Supreme Court. If the constitution makers had intended the formation of a committee for...
the appointment of judges they would have expressly provided for the same in the constitution itself.

- **Fear of nepotism and personal patronage** – Law Commission of India in 2009 criticizing the collegium system said that nepotism and personal patronage is prevalent in its functioning.

**Way Forward**

It is true that the filling up of vacancies is a continuous and collaborative process involving the executive and the judiciary, and there cannot be a time frame for it. However, it is time to think of a permanent, independent body to institutionalize the process with adequate safeguards to preserve the judiciary’s independence.
SYNOPSIS

Intro

- Microfinance, also called microcredit, is a type of banking service provided to unemployed or low-income individuals or groups who otherwise would have no other access to financial services.
- Most microcredit schemes rely on a group borrowing model, Originally developed by Nobel Prize winner Muhammad Yunus and his Grameen Bank.

Muhammad Yunus is credited with developing the concept and “making microcredit a socially responsible and viable business model”.

Yunus established the Grameen Bank in 1983, in an attempt to combat the extreme poverty he witnesses in the rural areas of Bangladesh.

The Grameen Bank focused on lending only to the poor, a group that had previously been denied access to credit as they “were considered high-risk borrowers, with a high likelihood of default.

“Loans of around $80 were given to people for income-generating activities and housing, without requiring any forms of collateral or contracts.

Instead, the bank used a form of peer group pressure to help ensure that each person acts in a fiscally responsible way.

Each borrower was required to be part of a five-person group with other people in the community who also desired loans.

These borrower-groups capitalize on the idea of social capital and the notion that each of these poor communities had certain links, networks and modes of behavior that would encourage people to repay their loans.

The loans were issued in sequence and generally repaid on a weekly or biweekly schedule. Interest rates were kept as low as possible while still assuring the sustainability of the bank. In 2005, Yunus and the Grameen Bank were awarded the Nobel Peace Prize for that pioneering work with microcredit.
Body Part

Challenges

- Lack of risk management framework leading to multiple borrowings and over indebtedness.
- Over-dependence on banking system for funding
- Lack of awareness of financial service ability of MFIs to raise financing
- Unclear regulatory environment and the lack of well-developed management information systems
- Lack of adequate supply of trained management talent to facilitate sustainable scaling up
- Proliferation of MFIs and SHGs. - leading to unsustainability

Steps taken by government

- Self Help Group-Bank Linkage Programme
- The Livelihood and Enterprise Development Programme (LEDP)
- The India Microfinance Equity Fund (IMEF)
- Micro Units Development & Refinance Agency Ltd (MUDRA)

Conclusion

There are over 24 crore people below the poverty line in the country. The Scheme of Micro-Credit has been found as an effective instrument for lifting the poor above the level of poverty by providing them increased self-employment opportunities and making them credit worthy.
Q6. One year on the Ayushman Bharat Programme appears to suffer from both inclusion and exclusion errors. Discuss and suggest measures to overcome the challenges associated with Ayushman Bharat Programme

SYNOPSIS

Intro

- Write an Introduction defining the Ayushman Bharat Programme

Ayushman Bharat Yojana is a centrally sponsored scheme launched in 2018. The scheme aims at making interventions in primary, secondary and tertiary care systems. The scheme is formed by subsuming multiple schemes.

Body Part

- Explain the significance of Ayushman Bharat in brief
  - It provides cashless cover up to rupees 5 lakh to each eligible family per annum for listed secondary and tertiary care conditions.
  - Benefits covered under the scheme are portable across the country and any eligible beneficiary can visit any empanelled Hospital across the country.

- Write about the challenges faced by Ayushman Bharat
  - States’ participation in the scheme mandates them to contribute funds for insurance, which naturally diverts funds allocated to building healthcare infrastructure within the state.
  - Since, health is a state subject, a nationwide scheme of health insurance would lead to a dilution of the state responsibility in the provisioning of the same.
  - Diversion of resources from preventive measures of disease management, towards curative measures would not be efficient in the long run.
  - Relatively better infrastructure for health in the top-performing states is expected to cause an influx of patients there.

Way Forward

- The focus needs to be on coverage of those who are outside the ambit of healthcare. Expansion of coverage to include the lower-middle and middle class needs to be a priority.
- Along with delivery and quality, the government should adopt innovative funding models for long-term sustainability.
- Given the state of primary healthcare in India, we need more schemes such as the Swaccha Bharat Abhiyan to take care of
the actual spread of diseases and not merely of their treatment.

- Recommendations made by the Finance Commission regarding declaring healthcare a right and shifting health to the Concurrent List are favourable to the success of Ayushman Bharat.
- The success of the program will rely on a reformed and adequately resourced public sector to lead implementation, delivery, and monitoring of the scheme.